



ADVANCING SOFT TISSUE
RECONSTRUCTION

Investor Presentation

November 2020

Forward Looking Statements

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Redefining *soft tissue reconstruction*
with a differentiated category of
tissue reinforcement materials

- ~\$2B U.S Market Opportunity¹
*in hernia repair, abdominal wall reconstruction and
plastic and reconstructive surgery*
- Innovative Products
- Compelling Clinical Evidence
- Products Offer Attractive Value
Proposition for Hospitals

Creating Advanced Biologic Materials

Purposefully designed to address shortcomings & unmet clinical needs

Novel Biologic Tissue
(derived from sheep)



Polymer Fibers
(permanent or resorbable)

Innovative Textile Engineering

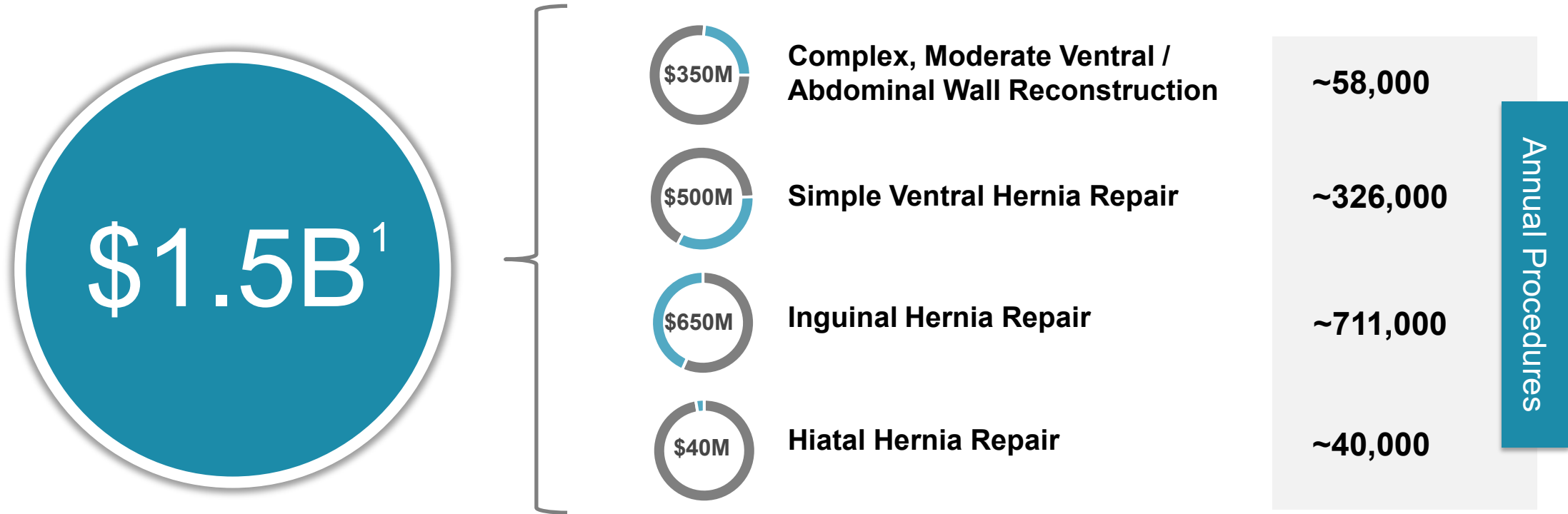


Hernia & Ab Wall
Reconstruction

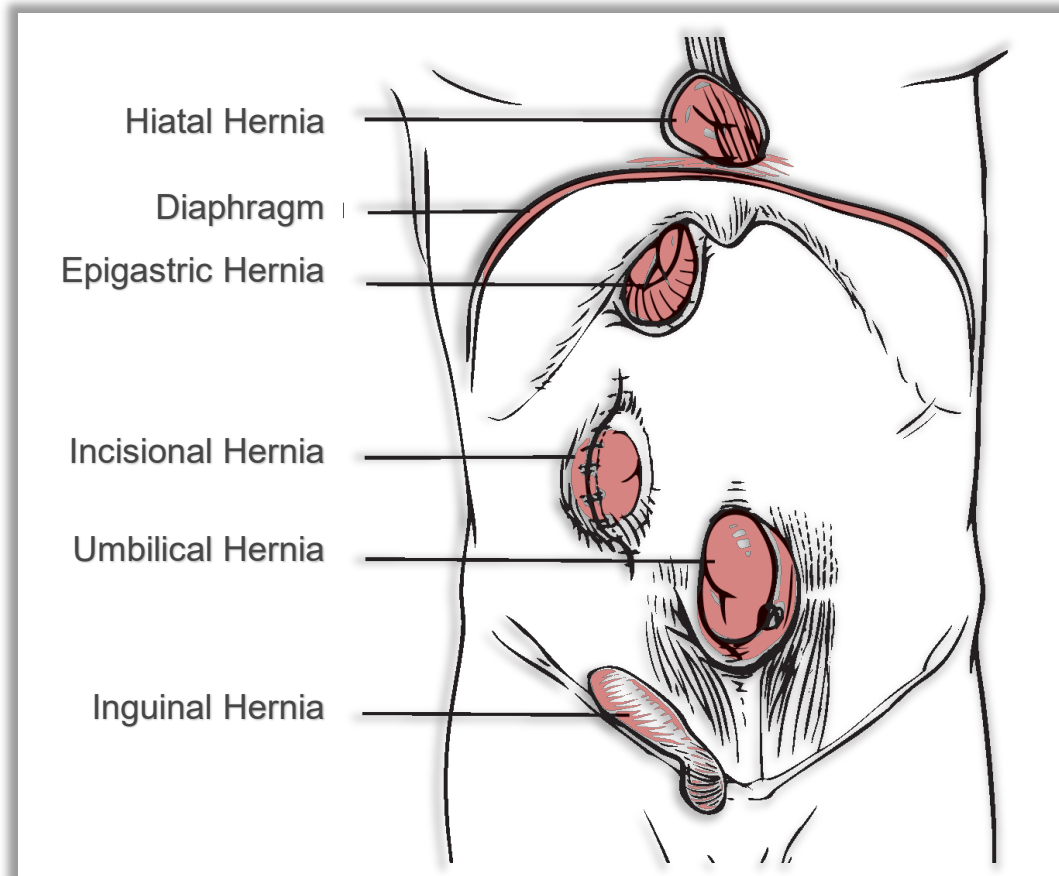
Plastic
Reconstruction

Issued patents protect underlying biologic tissue and product design

OviTex: ~\$1.5 Billion Annual U.S. Hernia Market Opportunity



Hernias Occur Throughout the Abdomen



What is a hernia?

- Occurs when an internal part of the body pushes through a weakness (that is natural occurring or from a previous surgical incision) or hole in the muscle or surrounding tissue
- Likelihood of developing a hernia increases with age & obesity

Treating a hernia

- Standard of care: Surgical repair of a hernia with a reinforcing material (mesh)
- ~90% of hernia patients receive a mesh repair¹
- Mesh intended to reinforce the defect and provide long-term support

Ventral Hernia Patients Range in Complexity












Ventral Hernia Complexity

SIMPLE	MODERATE	COMPLEX
<ul style="list-style-type: none">• CDC Wound Class I (clean)• Healthier patients - no co-morbidities• Primary hernia repair	<ul style="list-style-type: none">• CDC Wound Class II (clean-contaminated)• Patient co-morbidities (i.e., obesity, diabetes, COPD)• May have prior hernia repair failure	<ul style="list-style-type: none">• CDC Wound Class III (contaminated) & IV (infected)• Large defects• Infected synthetic mesh removals• Multiple prior hernia repair failures

Objective: provide patients the best repair the first time to prevent the simple patient from becoming the complex

Current Ventral Hernia Treatment Options: No Perfect Product

Natural Repair Products

	PERMANENT SYNTHETIC MESH	RESORBABLE SYNTHETIC MESH	BIOLOGIC MESH
	 Parietex™  ProGrip™ + Ventralight™  PROCEED®	 PHASIX™ Mesh  GORE® BIO-A®	 Strattice™  SurgiMend®  Gentrix®  XenMatrix™
LIMITATIONS	<ul style="list-style-type: none"> □ Persistent inflammatory response □ Encapsulation of implant □ Chronic post operative pain □ Scar tissue / lack of remodeling □ Mesh infections / Significant costs of re-operation □ Organ erosion or perforation 	<ul style="list-style-type: none"> □ Inflammatory response until absorbed □ Encapsulation of implant or contraction until absorbed □ Scar tissue / lack of remodeling □ Mesh infection until resorbed □ Organ erosion or perforation □ Lack of mid-term and long-term reinforcement 	<ul style="list-style-type: none"> □ Lack of strength or durability □ Prone to laxity and stretching □ Challenges to surgeon handling □ Difficult to use in laparoscopic or robotic surgery □ High costs
			
	Simple Ventral Hernia Inguinal Hernia	Complex, Moderate Ventral Repair / Abdominal Wall Reconstruction Hiatal Hernia Repair	

Growing Need for Alternative to Permanent Synthetic Mesh

59%

of surgeons agree that use of permanent synthetic mesh puts patients at long-term risk of complications¹

1 in 5

Hernia patients have voiced concern over use of permanent synthetic mesh in the past 12 months, according to surgeons¹

~15K

Lawsuits against permanent synthetic meshes estimated to be assembled across the U.S.²



HERNIA MESH COMPLICATIONS INCLUDE: PAIN, INFECTION, RECURRENCE, ADHESION, OBSTRUCTION, & PERFORATION.
THOSE AFFECTED MAY BE ELIGIBLE FOR COMPENSATION.



If you've been injured due to potentially defective hernia mesh, you may be entitled to financial compensation.

OviTex Reinforced Tissue Matrix: a More Natural Hernia Repair™

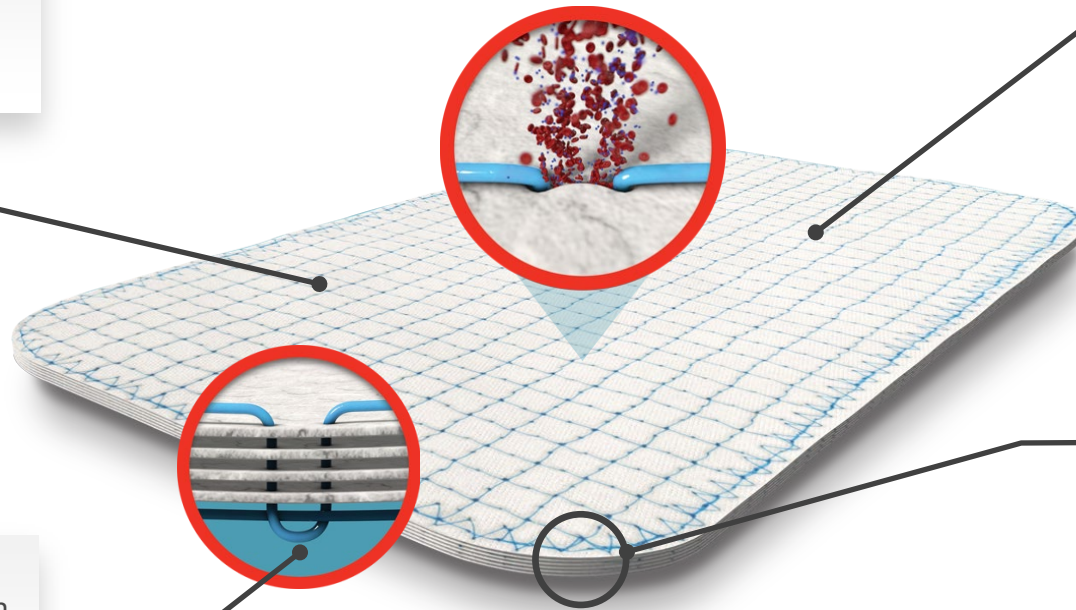
An innovative reinforced tissue matrix designed to reduce stretch compared to biologic matrices and long-term complications experienced with resorbable and permanent synthetic meshes

Unique permeable design facilitates rapid fluid transfer and movement of cells through the device

Lockstitch embroidery pattern creates a ripstop effect and prevents unraveling when cut

Layers of biologic material enable functional tissue remodeling

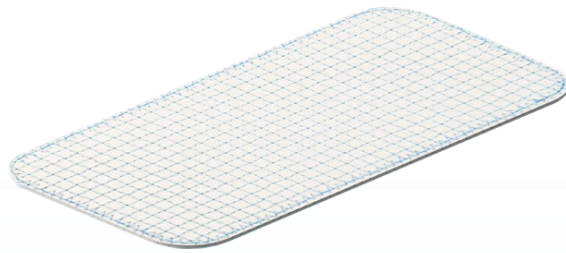
Interwoven polymer for added strength and improved handling



Comprehensive Portfolio for a Broad Range of Hernia Types and Surgical Techniques

Each configuration is available with either permanent (polypropylene) polymer or resorbable (polyglycolic acid) polymer reinforcing the same biologic material.

PRODUCT DESIGN

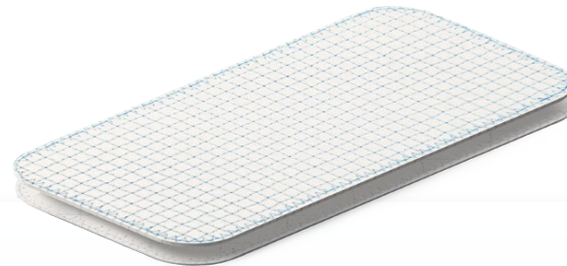


OviTex

4-layer device, not intended for intraperitoneal placement

Strength*: +

Common Procedures: Moderate ventral hernia (pre-peritoneal placement), inguinal hernia, hiatal hernia

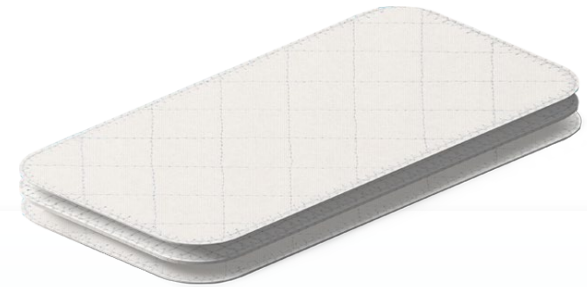


OviTex 1S

6-layer device, with “smooth side” suitable for intraperitoneal placement

Strength*: ++

Common Procedures: Moderate to complex ventral hernia



OviTex 2S

8-layer device, with 2 “smooth sides” suitable for intraperitoneal placement

Strength*: +++

Common Procedures: Complex ventral hernia and abdominal wall reconstruction and can be used for bridging

Images represent permanent polymer OviTex products. Resorbable polymer products have clear polymer.

* Biomechanical data on file.

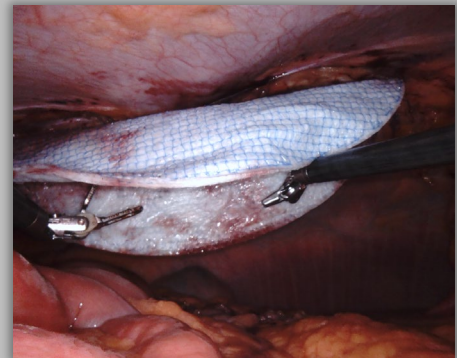
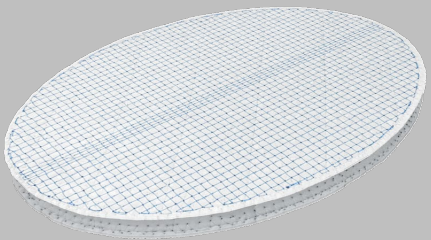
OviTex LPR for Laparoscopic & Robotic Hernia Repair

Increase in Robotic-Assisted Hernia Repair

- Surgeons have adopted robotic-assisted techniques, primarily for inguinal & simple ventral Hernia repair, due to perceived patient and technique benefits
- Legacy biologic products are difficult to use minimally invasively (MIS) due to their thickness and handling properties

Our Solution: OviTex LPR

Tailored OviTex product designed for improved handling in MIS techniques and trocar accessibility



Compelling Clinical Evidence

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Presentations /
Publications

Ventral Hernia

- ☒ Low hernia recurrence
- ☒ Low rate of surgical site occurrences & infections (SSO/SSI)
- ☒ Ease of use

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Presentations /
Publications

Inguinal Hernia

- ☒ Low hernia recurrence
- ☒ Low incidence of chronic post-operative pain
- ☒ Low SSO / SSI
- ☒ Ease of use

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Presentations /
Publications

Hiatal Hernia

- ☒ Low hernia recurrence
- ☒ Compatibility with MIS approaches


BRAVO Study

- ☒ Multi-center, prospective study with 92 patients enrolled
- ☒ Moderate-to-complex ventral hernia patients
- ☒ Patient follow-up at 3, 12 & 24-months
- ☒ Additional data readout expected by YE 2020 and upon study completion in mid-2021






OviTex supported by data from
~500 hernia patients across multiple hernia types

BRAVO Study Shows Low Recurrence Rate at 12 and 24-months

OviTex BRAVO Study

Product Name	Tissue Reinforcement Material	Hernia Recurrence Rate	Number of Hernia Recurrence	Number of Patients who Completed Follow-up	Follow-up Period in Months
OviTex	Reinforced Tissue Matrix	 2%	1	57	12
OviTex	Reinforced Tissue Matrix	0%	0	20	24

Results from Post-Market Clinical Studies of Competitive Materials

Product Name	Tissue Reinforcement Material	Hernia Recurrence Rate ¹	Number of Hernia Recurrence ¹	Number of Patients who Completed Follow-up ¹	Follow-up Period in Months
Phasix	Resorbable Synthetic Mesh	 5%	5	95	12
Phasix	Resorbable Synthetic Mesh	 12%	11	95	18
Phasix	Resorbable Synthetic Mesh	 23%	19	82	36
Strattice	Biologic Matrix	 22%	15	69	12
Strattice	Biologic Matrix	 33%	22	67	24

¹ Hernia Recurrence Rate based on number of hernia recurrences reported in patients who completed follow up and patients who reported recurrent hernia before the specified follow up period. Clinical literature and conference presentations included hernia recurrence rates based on number of hernia recurrences in patients who comprised the initial intent-to-treat population (including those who did not complete the follow up period and did not report a hernia recurrence).

OviTex PRS: ~\$500 Million Annual U.S. Plastic & Reconstructive Surgery Market Opportunity

\$500M¹

Surgeons use products to reinforce soft tissue during various reconstructive surgeries, including:

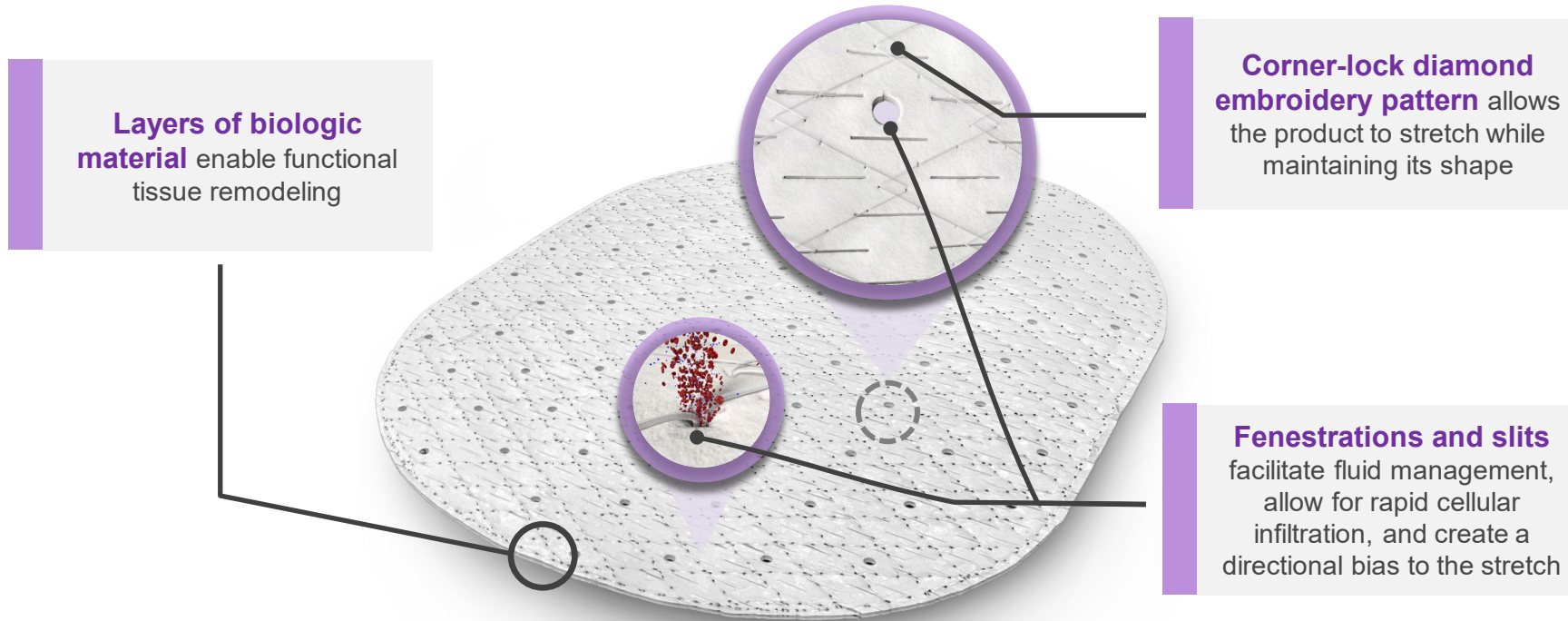
- Breast reconstruction
- Head and neck surgery
- Chest wall reconstruction
- Pelvic reconstruction
- Extremities reconstruction

Market dominated by human acellular dermal matrices (HADMs)

- Prone to high degree of stretch
- Expensive, putting pressure on hospital systems
- Often experience supply shortages, particularly when large pieces of material are required

OviTex PRS: Purposely Designed for Plastic and Reconstructive Surgery

An innovative reinforced tissue matrix designed to improve outcomes by facilitating fluid management and controlling degree and direction of stretch



Expanded commercial launch in June 2020 following limited launch initiated in 2019

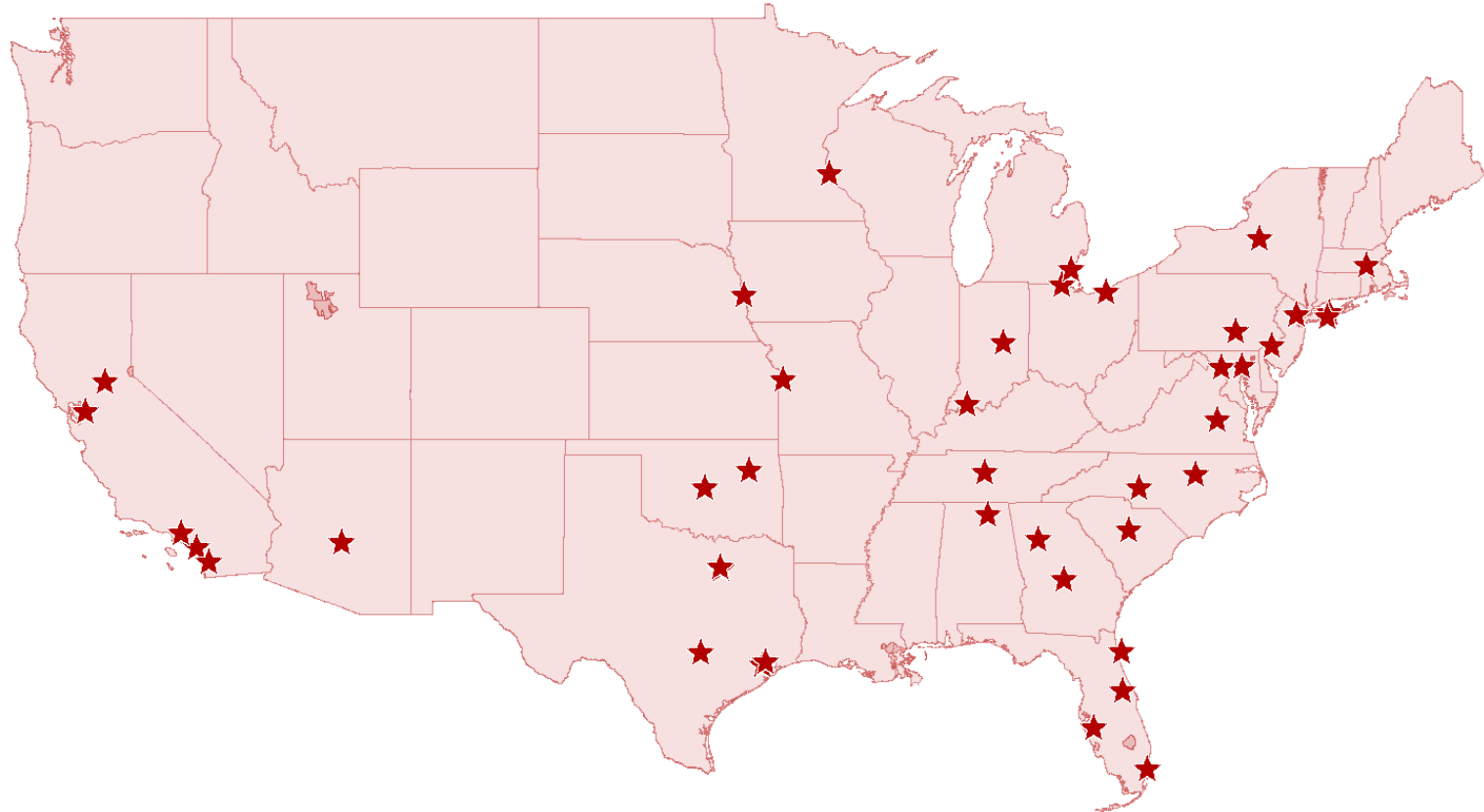
Commercial Organization

44 sales territories as of September 30, 2020

- OR-based Account Managers call on General, Plastic Recon, Colorectal & Trauma surgeons
- Carry full OviTex & OviTex PRS portfolios

6 sales regions

- Plan to scale existing regions until each region has ~8 territories
- Supported by Clinical Development and Strategic Customer Relations teams



Growth Strategy

INCREASE ADOPTION

- Promote broader awareness of OviTex & OviTex PRS products
- Employ virtual sales & marketing programs, including TELA LIVE
- Drive market awareness of risks of permanent synthetic mesh use
- Publish BRAVO clinical data

COMMERCIAL EXECUTION

- Scale direct sales force
- Drive account manager productivity
- Increase utilization within health systems under GPO contracts
- Secure additional contracts with high-potential IDNs and GPOs

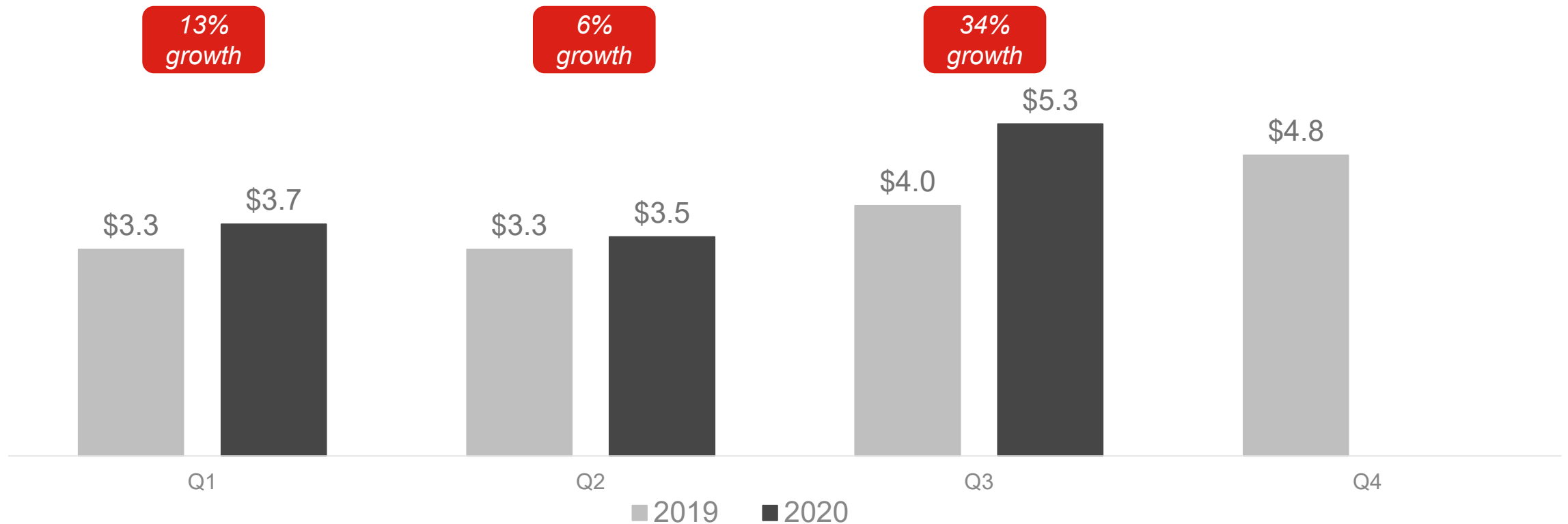
MARKET EXPANSION

- Launch new product features and designs for OviTex and OviTex PRS
- Initiate robotic hernia post-market study
- Support investigator-led clinical studies for OviTex PRS

Delivering Revenue Growth

Quarterly Results

(\$ millions)



COVID-19 pandemic began to affect the business in mid-March 2020 and has continued since

Statement of Operations

\$ Millions	Three months Ended September 30,	
	2019	2020
Revenue	\$4.0	\$5.3
Cost of revenue	1.3	2.0
Amortization of Intangible Assets	0.1	0.1
Gross Profit	\$2.6	\$3.3
<i>Gross Margin %</i>	66%	62%
Operating expenses:		
Sales and marketing	4.7	6.3
General and administrative	1.2	2.6
Research and development	0.5	1.2
Total operating expenses	6.5	10.2
Loss from operations	(\$3.9)	(\$6.9)
Other (expense) income, net	(0.8)	(0.8)
Net loss	(\$4.7)	(\$7.7)

- Revenue increased 34% over prior year period
- Total cash and cash equivalents at September 30, 2020 were \$81.5 million

Investment Highlights



Advanced reinforced tissue matrix portfolio supported by compelling clinical evidence



Focused on ~\$2.0 billion annual U.S. total addressable markets



Driving commercial adoption with targeted direct-sales approach



Recent product launches in growing markets: robotic hernia surgery + plastic and reconstructive surgery



Broad intellectual property portfolio



Established DRG-based reimbursement pathway for hernia repair



Industry leading executive team with proven track record